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**ARIZONA CORPORATION COMMISSION**

July 21, 2004

Chairman Marc Spitzer  
Commissioner William A. Mundell  
Commissioner Mike Gleason  
Commissioner Kristin Mayes  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Re: Investigative hearings on the fires at APS' Westwing and Deer Valley substations

Dear Colleagues:

On the heels of the July 4 fire at the Westwing Substation and the July 20 fire at the Deer Valley Substation, I have read numerous articles on the incidents and have been approached for interviews. Despite these severe difficulties occurring in the hottest part of the year, APS and SRP have done a remarkable job of keeping the power flowing and avoiding rolling blackouts. APS' action was swift and decisive. I equally applaud Arizonans for their energy conservation efforts.

In light of these developments, I am compelled to join my fellow Commissioners in requesting an Open Meeting. An Open Meeting would provide an opportunity for APS to brief Commissioners in a public forum. Under the Commission's general constitutional charge (Article 15, Section 3 and 4), I believe it is appropriate to conduct such an informational meeting. However, at this point, any Commission Open Meeting should not interfere with APS' ability to restore the Valley's electric transmission capacity.

Like you, I have many questions about the causes and the apparently coincidental nature of these fires, both of which occurred in the northwest part of the Valley. Speculation has been bandied about in print regarding acts sabotage or terrorism, the reliability of the transmission system, and repair and maintenance practices. As you know, Commission Staff has been involved since the beginning and are currently participating in the pending investigations. APS has been briefing Commission Staff and individual Commissioners on a daily basis.


APS has retained two firms, Electric Power Research Institute Solutions and Harold Moore and Associates, to conduct a "Root Cause Investigation" on the transformer fires. As I understand, a comprehensive report will be completed and available at a later date.

As part of routine procedure, various law enforcements agencies, including Homeland Security, the U.S. Bureau of Alcohol Tobacco and Firearms, FBI, and local police and fire departments, were involved in both events. To bolster its security measures, APS is participating in the North American Electric Reliability Council's (NERC) "Critical Infrastructure Protection" program, which works in conjunction with the Department of Homeland Security regarding utility security issues.

If it is the Commission's will to hold additional Open Meetings, I believe we must manage their scope and depth so as not to compromise the forthcoming investigative report or arrive at erroneous conclusions. I do believe regular public updates are warranted. However, a comprehensive Commission investigation should not occur until the "Root Cause Investigation" report is released. At that juncture, the Commission will have a solid foundation to initiate a process to make an independent determination of the causes and, if necessary, the recommended corrective actions.

Thank you for your consideration in this matter.

Respectfully,

A handwritten signature in black ink, appearing to read 'Jeff Hatch-Miller', with a stylized, flowing script.

Jeff Hatch-Miller

Cc: Brian McNeil  
Ernest Johnson